

WRITERS GUILD OF AMERICA, West, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

2. Investments, continued

Fair value of investments at March 31, 2007 is as follows:

	<u>Investments</u>		<u>Funds Held in Trust for Members</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
U.S. Agencies and government backed securities	\$ 7,715,161	\$ 7,707,846	\$10,925,478	\$10,930,244
Corporate bonds	4,159,325	4,153,997	2,989,918	2,988,776
Equity mutual fund	7,360,947	6,393,585	-	-
Money market funds	<u>640,733</u>	<u>640,732</u>	<u>10,011,950</u>	<u>10,011,950</u>
Total	<u>\$19,876,166</u>	<u>\$18,896,160</u>	<u>\$23,927,346</u>	<u>\$23,930,970</u>

WGAW intends to reinvest all investments maturing in fiscal year 2007/2008 into other long-term investments.

The investment return is detailed as follows:

	<u>Unrestricted</u>	<u>Funds</u>	<u>Total</u>
		<u>Held in Trust</u>	
		<u>for Members</u>	
Interest, dividend and capital gains income	\$1,104,474	\$1,193,567	\$2,298,041
Net realized losses on sales of investments	(27,112)	2,184	(24,928)
Net appreciation in market value	449,378	131,526	580,904
Bank fees (included in professional fees)	<u>(64,823)</u>	<u>(16,330)</u>	<u>(81,153)</u>
Return on investments	<u>\$1,461,917</u>	<u>\$1,310,947</u>	<u>\$2,772,864</u>

3. Notes Receivable

Strike loans were made to members who suffered financial hardship during the 1988 strike. Good & Welfare loans were made to members experiencing personal hardship. These non-interest bearing promissory notes have no due dates but include an assignment of residual payments in the event the loan becomes delinquent.

Continued

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4. Property and Equipment

Property and equipment consisted of the following at March 31, 2007:

	<u>Total</u>
Land	\$ 700,000
Building and improvements	7,141,496
Furniture and fixtures	3,324,235
Computers and equipment	5,560,719
Tenant improvements	<u>777,919</u>
	17,504,369
Less: Accumulated depreciation and amortization	<u>10,935,459</u>
	<u>\$ 6,568,910</u>

Depreciation and amortization expense was \$720,687 for the fiscal year ended March 31, 2007.

5. Pension Plan

WGAW participates in the Producer-Writers Guild of America Pension Plan (the "Plan"), a defined benefit multi-employer pension plan covering WGAW members and employees of WGAW, Writers Guild of America, East, Inc., the Plan, the Writers Guild-Industry Health Fund and the Inter-Guild Federal Credit Union.

The Plan provides retirement benefits for participants who retire at age 65 or older and have reached the tenth anniversary of participation. The Plan also provides for an early retirement pension for participants with at least five qualifying years who retire after the age of 60 but before the age of 65, death benefits and surviving spouse benefits.

Contributions are determined as a percentage of wages, and WGAW's contribution to the Plan was \$698,955 for the fiscal year ended March 31, 2007.

WGAW maintains a qualified contribution retirement or thrift plan ("401(k) Plan") in which substantially all employees are eligible to participate. The 401(k) Plan provides for voluntary tax-deferred retirement contributions from employees under Section 401(k) of the Internal Revenue Code. WGAW contributions are required as defined in the 401(k) Plan document, subject to the limitations imposed by the Internal Revenue Code and the Employee Retirement Income Security Act of 1974. WGAW made \$196,057 in contributions on behalf of participants in the 401(k) Plan for the fiscal year ended March 31, 2007.

Continued

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MARCH 31, 2007

6. Commitments and Contingencies

WGAW has entered into operating lease agreements for its theater and office equipment. The theater lease is for a primary term of 15 years. The lease can be terminated by WGAW in January 2012. At March 31, 2007, future minimum rental payments applicable to noncancellable operating leases were as follows:

	<u>WGAW</u>	<u>Theater</u>	<u>Total</u>
2008	\$ 57,661	\$ 232,834	\$ 290,495
2009	57,661	232,834	290,495
2010	51,504	232,834	284,338
2011	9,828	232,834	242,662
2012	<u>-</u>	<u>194,028</u>	<u>194,028</u>
Total	<u>\$176,654</u>	<u>\$1,125,364</u>	<u>\$1,302,018</u>

Rental expense was \$372,022 for the fiscal year ended March 31, 2007.

WGAW leases a portion of its building at 7000 West Third Street at a term of 5 years, with 5 additional options of 5 years each and ending in 2038, unless written notice of decision not to exercise the option is provided before each term.

At March 31, 2007, the approximate future minimum lease payments to be received under existing operating lease agreements with terms greater than one year, exclusive of contingent rentals, are as follows:

	<u>Operating</u>
2008	\$ 12,715
2009	12,715
2010	12,715
2011	12,715
2012	12,992
Thereafter	<u>476,960</u>
Total	<u>\$540,812</u>

Rental income was \$123,754 for the fiscal year ended March 31, 2007.

Rent increases are tied to annual increase based on CPI index changes.

Continued

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MARCH 31, 2007

6. Commitments and Contingencies, continued

WGAW is a labor organization whose primary function is to negotiate collective bargaining agreements with employers in the motion picture, television and new media industries. WGAW's principal industry wide agreement expires on October 31, 2007.

WGAW has agreed to provide a continuing guarantee in favor of City National Bank covering the indebtedness of The Writers Guild Foundation (the "Foundation") in an amount not to exceed \$275,000 (the "loan"). The proceeds of the loan were used for the completion of the tenant improvements on the first floor of WGAW Headquarters located at 7000 West Third Street. As of February 2, 2007, the Foundation has repaid the indebtedness in full.

WGAW is involved in various ongoing litigation matters. If judgments are made against WGAW, management does not expect that these amounts will materially exceed the amounts recoverable through WGAW's insurance carriers. Thus, management does not believe that current litigation will materially affect WGAW's financial condition or earnings.

7. Line of Credit

WGAW has a \$4,000,000 line of credit, which bears interest at the prime rate and expires on June 30, 2007. Under the terms of the line of credit, WGAW must maintain liquid assets of at least \$2,000,000 in unrestricted cash or investment accounts. As of March 31, 2007, WGAW does not have any borrowings outstanding against the line of credit.

8. Financial Core Status ("FCS") Non-Membership Dues Obligations

The law permits WGAW to assess FCS non-member dues up to an amount equal to its regular dues. During the fiscal year ended March 31, 2007, WGAW has set the FCS non-membership dues at 1.9% less than the regular dues. This reflects WGAW's dollar amount that corresponded to its nonchargeable expenditures.

During the fiscal year ending March 31, 2008, WGAW has set the FCS non-membership dues at 1.9% less than the regular dues. This reflects WGAW's estimate of the dollar amount that will correspond to its nonchargeable expenditures. Upon review of the chargeable and nonchargeable expenditures after this fiscal year end, a FCS non-member may be entitled to an adjustment of his or her FCS non-member dues.

Continued

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MARCH 31, 2007

9. Functional Expenses

Expenses incurred by functional category were as follows:

Member services	\$20,280,319
Management and general	2,586,387
Programs:	
Theater Operations Fund	640,422
Strike Fund	14,039
Good & Welfare Fund	4,811
Year 2000 Fund	<u>76,923</u>
Total expenses	<u>\$23,602,901</u>

10. Supplemental Disclosure of Cash Flow Information

During the year ended March 31, 2007, WGAW received funds held in trust for members of \$17,787,993. WGAW made payments from funds held in trust for members of \$17,628,822 for the fiscal year ended March 31, 2007.